

Exhibit 2



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Transcript of George C. Caruso, CPM, RAM, SHCM, HCCP

Date: December 20, 2016

Case: de Reyes, et al. -v- Waples Mobile Home Park Limited
Partnership, et al.

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1 (1 to 4)

Conducted on December 20, 2016

	1		3
1	IN THE UNITED STATES DISTRICT COURT	1	A P P E A R A N C E S
2	FOR THE EASTERN DISTRICT OF VIRGINIA	2	ON BEHALF OF THE PLAINTIFFS:
3	ALEXANDRIA DIVISION	3	JOY ODOM, ESQUIRE
4	- - - - - x	4	Quinn Emanuel Urquhart & Sullivan, LLP
5	ROSY GIRON DE REYES, et al., : 5	777 6th Street, Northwest	
6	Plaintiffs, : 6	11th Floor	
7	v. : 7	Washington, D.C. 20001	
8	WAPLES MOBILE HOME PARK LIMITED : 8	202.538.8159	
9	PARTNERSHIP, et al., : 9		
10	Defendants. : 10	SIMON SANDOVAL-MOSHENBERG, ESQUIRE	
11	- - - - - x : 11	Legal Aid Justice Center	
12	Civil No.: 1:16cv563-TSE-TCB : 12	6066 Leesburg Pike	
13		Suite 520	
14		Falls Church, Virginia 22041	
15	Videoconference Deposition of GEORGE C. CARUSO : 15	703.778.3450	
16	McLean, Virginia : 16		
17	Tuesday, December 20, 2016 : 17		
18	12:37 p.m. : 18		
19			
20	Job No.: 131024 : 20		
21	Pages: 1 - 130 : 21		
22	Reported by: Lisa Kirk : 22		
	2		4
1	Deposition of GEORGE C. CARUSO, held at	1	A P P E A R A N C E S C O N T I N U E D
2	the offices of:	2	ON BEHALF OF THE DEFENDANTS:
3	REED SMITH LLP	3	JUSTIN D. deBETTENCOURT, ESQUIRE
4	7900 Tysons One Place	4	Reed Smith, LLP
5	Suite 500	5	7900 Tysons One Place
6	McLean, Virginia 22102	6	Suite 500
7	703.641.4200	7	McLean, Virginia 22102
8		8	703.641.4209
9		9	
10		10	
11		11	
12		12	
13		13	
14		14	
15		15	
16		16	
17		17	
18	Pursuant to Notice, before Lisa Kirk,	18	
19	Court Reporter and Notary Public in and for the	19	
20	Commonwealth of Virginia.	20	
21		21	
22		22	

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C O N T E N T S		
2	EXAMINATION OF GEORGE C. CARUSO	PAGE
3	By Ms. Odom	6, 121
4	By Mr. deBettencourt	114

E X H I B I T S		
(Attached to the transcript.)		

CARUSO DEPOSITION EXHIBIT	PAGE
12 Exhibit 1 Expert Report	6

1 (Caruso Exhibit 1 was marked for
2 identification and is attached to the transcript.)

3 P R O C E E D I N G S

4 MS. ODOM: All right, so Mr. Caruso, we're
5 going to go ahead and go on the record and the court
6 reporter is going to swear you in in just a minute.
7 Your testimony today is as if you were giving it in a
8 courtroom.

9 And I just need to ask Mr. deBettencourt if
10 he agrees that we can stipulate to Mr. Caruso being
11 sworn remotely.

12 MR. deBETTENCOURT: Yes.

13 MS. ODOM: Okay. So the parties are agreed
14 on that and the court reporter will go ahead and give
15 you the oath now.

16 Whereupon,

17 GEORGE C. CARUSO,
18 being first duly sworn or affirmed to testify to the
19 truth, the whole truth, and nothing but the truth,
20 was examined and testified as follows:

21 EXAMINATION BY COUNSEL FOR THE PLAINTIFFS
22 BY MS. ODOM:

5
1 Q All right, so Mr. Caruso, have you ever
2 been deposed before?
3 A Yes, ma'am.
4 Q How many times?
5 A Well, I was asked that question in a
6 deposition last year and I think it's five or six.
7 If you've been doing this as many years as I have,
8 you don't remember everything anymore, but I've been
9 deposed multiple times.

10 Q All right. Beyond the deposition last
11 year, have you had any depositions in the last five
12 years?

13 A Yes, one prior to that that would be right
14 at the five-year time frame.

15 Q Okay. What kind of case was that?

16 A That was an employment law case.

17 Q All righty.

18 A I was the corporate representative of my
19 then employer before I retired.

20 Q All right, so since you've been deposed
21 before, you're probably already familiar with the
22 rules of the road, so to speak, but I just want to

6
1 go back over them with you. You and I want to try
2 to not talk over each other. With you being remote,
3 that might be a little bit difficult with the lag
4 time, but we'll do our best because the court
5 reporter can only take down one of us at a time.
6 I'd ask you to let me finish my question before you
7 start to answer and I'll try to let you finish your
8 answer and try not to interrupt you. You
9 understand, as we discussed a minute ago, that the
10 testimony you give today is as if you were giving it
11 in court in front of a judge and jury.

12 A I do.

13 Q So you've got a responsibility to tell the
14 truth and the whole truth there. Is there any
15 reason that you're aware of why you can't give your
16 best and most accurate testimony today?

17 A None that I'm aware of.

18 Q All right. So I saw in your resumé to your
19 report, which we've marked as Exhibit A, and I
20 regret you don't have a copy of it, but I understand
21 you're familiar with it. And if you need to refer
22 back to your report at sometime, just let us know

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7 (25 to 28)

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	25		27
1 Q Do you know whether the Waples Mobile Home		1 speculation.	
2 Park received any form of federal or state housing		2 MS. ODOM:	
3 finance or subsidy?		3 Q You can go ahead and answer if you	
4 A I'm unaware of their situation.		4 understand the question. If not, I can restate it.	
5 Q Would that be an important piece of		5 A I think you better try and nail it down a	
6 information for you to know in order to determine		6 little bit, because the other thing you're doing	
7 whether the policy at issue in this case was		7 here is trying to divorce employment from leasing	
8 necessary?		8 activities, and you can't, because you're	
9 A No, I don't think so.		9 underwriting against employment.	
10 Q Why not?		10 Q Well, I think I'd like to take it in two	
11 A When this legislation came into place, it		11 pieces, so I understand your opinion that for	
12 was clear that the intent of Congress was to ensure		12 underwriting employment verification is important,	
13 that folks in residency should be in this country		13 but I also understand your report to be offering a	
14 appropriately. In addition, at the same time, and		14 second opinion, which is that in order for a	
15 this is exceedingly important, as you know, laws		15 landlord to become eligible for federal or state	
16 were enacted that employers are to ascertain the		16 housing funding, they must verify that all tenants	
17 legality of all employees. And if you don't know		17 are present in the United States legally. Do I have	
18 the status of somebody, you can't underwrite them,		18 your opinions correct?	
19 because if you have somebody that doesn't have		19 MR. deBETTENCOURT: Objection, form.	
20 status, that means, by definition, they're not		20 A Yes, you have my views right on that. You	
21 working legally. It's difficult to underwrite it.		21 have to – in order to qualify for subsidy money	
22 Q So we'll get to the employment verification		22 from the federal or state agencies, you have to be	
	26		28
1 part of your opinions in a second, but I want to		1 in the country legally.	
2 finish up with you on the federal funding aspect		2 MS. ODOM:	
3 first. You said when Congress passed the		3 Q Okay. So my question is if a landlord is	
4 legislation in the early 1990s, it was clear their		4 not applying for any subsidies and is not receiving	
5 intent was that landlords verify the residency of		5 any sort of government funding, do they still have	
6 their tenants, the legal status of their tenants.		6 to verify the presence of a tenant, that that tenant	
7 A Yes. Yeah.		7 is in the United States legally? If you take	
8 MR. deBETTENCOURT: Objection, form.		8 funding out of it, what does the government got left	
9 MS. ODOM:		9 to say to you?	
10 Q So my question for you is do you believe		10 MR. deBETTENCOURT: Objection, form.	
11 that's true whether or not a particular landlord		11 A The government's still got left to say to	
12 receives federal or state subsidies for housing?		12 you you still have to underwrite it, so you run	
13 MR. DeBETTENCOURT: Objection, form.		13 around that issue. And, two, if you're running what	
14 A I'm not sure I understand precisely what		14 I'll call a mixed company, which means you're	
15 you're trying to get at.		15 running a management house that does both types of	
16 MS. ODOM:		16 management, you can't have an inconsistent set of	
17 Q All right. I'll rephrase it. Is it your		17 standards. Fair Housing will get on you about that.	
18 opinion that the Congressional intent for what a		18 So most of us that run mixed companies, we have one	
19 landlord has to verify about a prospective tenant,		19 set of standards whether the property is subsidized	
20 is that the same whether or not that landlord is		20 or not. And we adopt the most restrictive standard,	
21 receiving any type of government funding?		21 which is the federal standard.	
22 MR. deBETTENCOURT: Objection, form,		22 MS. ODOM:	

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<p>1 Q Would you agree with me that the 2 underwriting of a lease is a more local focus for a 3 landlord? That is to say, that's something that the 4 landlord is concerned about, the risk of that lease, 5 and nobody else but the landlord is concerned about 6 that? Would you agree that's a fair statement?</p> <p>7 MR. deBETTENCOURT: Objection, form.</p> <p>8 A I'm trying to understand what you're trying 9 to get at.</p> <p>10 MS. ODOM:</p> <p>11 Q Sure. Is the government concerned about 12 the proper underwriting by a landlord of a 13 prospective tenant's lease?</p> <p>14 MR. DeBETTENCOURT: Objection, speculation.</p> <p>15 A There will be instances where they would be 16 concerned, where you've got money borrowed from an 17 agency that's either insured by or cuts mortgages 18 on, because they want to make sure that the terms of 19 the loan are being met, most particularly that the 20 loan is getting paid. Now, that's a roundabout way 21 of getting to it, but you have to look at both 22 elements. You've got the financing element if</p>	<p>1 landlord's underwriting of a lease; is that fair?</p> <p>2 MR. DeBETTENCOURT: Objection, form.</p> <p>3 A There's one limited circumstance where they 4 would be concerned with the underwriting of the 5 lease. If it -- if someone filed a complaint that 6 they were being treated disparately from other 7 applicants, in other words, file a Fair Housing 8 complaint, the government can come in and take a 9 look at how you do your underwriting, how you do 10 your admissions, and whether you're consistent in 11 the application of the rules. I've had Fair Housing 12 inquiries look at those. They literally come in, 13 sit down, and go through the resident files.</p> <p>14 MS. ODOM:</p> <p>15 Q But in the absence of such a complaint, the 16 landlord's underwriting is the landlord's business; 17 is that right?</p> <p>18 MR. deBETTENCOURT: Objection, form.</p> <p>19 A Yeah.</p> <p>20 MS. ODOM:</p> <p>21 Q Is Waples Mobile Home Park in the 22 low-income housing business?</p>
	30
<p>1 you've got somebody in the equation that's got, you 2 know, government-related or government-insured 3 financing, and then you have the operational 4 element.</p> <p>5 MS. ODOM:</p> <p>6 Q Okay. If we have no loan, if there's no 7 government loan or agency loan in the picture, is 8 the government concerned --</p> <p>9 A Right.</p> <p>10 Q -- about the quality of a landlord's 11 underwriting of a lease?</p> <p>12 MR. deBETTENCOURT: Same objection.</p> <p>13 A No, but the landlord would be.</p> <p>14 MS. ODOM:</p> <p>15 Q And only the landlord, correct?</p> <p>16 A So it would seem.</p> <p>17 Q So, really, there is -- there are two 18 pieces of your opinion. And I understand that you 19 want to take them in whole, but we have the federal 20 funding and subsidy part of your opinion, and then 21 we have the underwriting portion. And the 22 government doesn't concern itself with the</p>	<p>1 A Counsel hasn't shared with me precisely 2 what the target market is on that, so I'm not in a 3 position to really opine on that.</p> <p>4 Q Would you have wanted to receive that 5 information for your opinions?</p> <p>6 MR. deBETTENCOURT: Objection. To the extent 7 this question calls for communications from counsel, 8 I'm going to instruct you to answer -- instruct you 9 not to answer.</p> <p>10 MS. ODOM:</p> <p>11 Q And just to be clear, I'm not asking you 12 for anything that counsel at Reed Smith has told 13 you. I'm simply asking if you had all the 14 information available to you that you would have 15 wanted to have in an ideal world?</p> <p>16 MR. deBETTENCOURT: Objection, form.</p> <p>17 A As the folks at Reed Smith --</p> <p>18 THE WITNESS: Go ahead.</p> <p>19 A As the folks at Reed Smith have indicated, 20 the only conversations I've had have been with the 21 lawyers.</p> <p>22 MS. ODOM:</p>
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1 same act. Are you referring to the Personal
 2 Responsibility and Work Opportunity Reconciliation
 3 Act of 1996?

4 MR. deBETTENCOURT: Objection, form.
 5 MS. ODOM:

6 Q It's called PRWORA colloquially.

7 A **I'd have to go stick my head -- was the
 8 principal sponsor on that Henry Hyde?**

9 Q I can look and check.

10 A **The reason I say that is we've always
 11 called it internally the Hyde bill, but
 12 Representative Hyde was chairman of the committee.
 13 You know, I've had to deal, over the years, with all
 14 these long acronyms that they invent over on the
 15 Hill and I've gotten to the point where,
 16 unfortunately, I know most things by bill numbers,
 17 not by bill titles, because it's just easier. I
 18 think, but can't guarantee, we're talking about the
 19 same thing.**

20 Q And your opinion and testimony is that
 21 federal regulations require entities who receive
 22 deep assistance to check legal status of tenants?

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1 MR. deBETTENCOURT: Objection, foundation.
 2 A **Yup, I would have to research that
 3 specifically. I don't want to guess. I don't do
 4 guessing, or at least I don't guess very well.**

5 MS. ODOM:

6 Q Do the HUD manuals that you have been
 7 describing regulate Waples Mobile Home Park?

8 A **Again, not knowing the financial structure
 9 underlying it, I don't -- I can't answer that.**

10 Q What would you need to know to be able to
 11 answer that question?

12 A **At the minimum, I'd need to know how the
 13 deal is financed, who holds the notes, and what
 14 forms of assistance, if any, are granted, and
 15 whether or not there's any -- you can get swept into
 16 these requirements by having community development
 17 block grant money in a property, you can get swept
 18 in by having CBE money in the property. You can
 19 get -- there's a number of ways you can get swept
 20 into compliance on these rules by accepting various
 21 funds for various things, including infrastructure
 22 work. So without actually sitting and looking at**

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1 MR. deBETTENCOURT: Objection,
 2 mischaracterize.

3 A **Among other places, that's a requirement in
 4 the HUD Occupancy Handbook, 4350.3. It's also a
 5 requirement in the HUD Public Housing Handbook of
 6 similar type. I don't remember the PIH.**

7 THE WITNESS: That's -- for our recorder,
 8 that's Public and Indian Housing. Sorry I was
 9 engaging in HUD speak.

10 A **PIH also has a manual that relates to a
 11 different manual number, but that's a requirement of
 12 the 4350.3, which goes upwards and connects with the
 13 legislation.**

14 MS. ODOM:

15 Q Do you know whether PRWORA that was passed
 16 in 1996 regulates Waples Mobile Home Park?

17 MR. deBETTENCOURT: Objection, form.

18 A **Without sitting down and reading the bill,
 19 I wouldn't be able to answer that.**

20 MS. ODOM:

21 Q And same answer as to whether it applies to
 22 any of the other A.J. Dwoskin properties?

1 **the documents, I would decline to speculate.**

2 Q Well, what types of documents would we look
 3 at for the Waples Mobile Home Park?

4 MR. deBETTENCOURT: Objection, form.

5 A **You'd probably start with the
 6 partnership (phonetic). Number one, I don't
 7 know if it's a partnership or corporation, or an
 8 LLC, so you need to figure out what the entity is
 9 for starters. And then you start taking a look at
 10 what the financing is on it, and you look and see if
 11 there's any inbound money from a local agency that
 12 takes federal money, from a state agency that takes
 13 federal money, or from a federal agency. You'd have
 14 to look, generally, at all of those when you start
 15 doing it. I know how our deals are structured and
 16 where they are. And the reason we came to the
 17 decision we did was we wanted a one-size-fits-all,
 18 so as to not drive our staff crazy. And what we do,
 19 as I said before, is we went to the most
 20 restrictive, complying with the federal rules for
 21 everything we operate.**

22 MS. ODOM: